

## Air Canada Changes Will Cost 2,900 Jobs

*Continued from Page 8*  
**MONTREAL** — Air Canada will lay off 2,900 of its 13,000 employees and cut routes to Europe and the Far East because of rising fuel costs and the recession, the airline announced.

As part of its restructuring program, the airline also will sell its huge Montreal headquarters and cut its capital spending by \$70 million Canadian dollars (\$95.6 million) per year, hoping to boost operating profits by \$2 million dollars, Chairman Claude Taylor said Tuesday.

"By lowering costs and restructuring now we should be well positioned to expand profitably to North America, Europe and Asia when growth returns," he said.

Customer service workers, which include baggage handlers, maintenance and ramp workers, will be hardest hit, losing about 1,750 people across Canada.

The Montreal-based carrier also said cuts will include 220 pilots, 440 flight attendants, 435 base agents, 245 members of the management and clerical staff, and various personnel from other departments.

Earlier Tuesday, union officials estimated 2,800 workers would be laid off. Most of the cuts would be made by Jan. 31, said Mr. Taylor.

"The passenger market is well down this year and fuel costs are driving us to raise our prices," he said.

He said Air Canada would also suspend service to some interna-

tional cities, including Singapore, Lisbon and Athens, saying the performance on those routes had been below expectations.

The airline planned to redeploy aircraft to stronger markets in Britain, France, Germany and Switzerland, and also wanted government permission to fly the lucrative route to Japan.

The company said it would sell three Boeing 747-400 aircraft scheduled for 1991 delivery and one McDonnell Douglas DC-8 freighter.

Canada, with a population of 25 million, has been hit in recent months by rising tourism rates as well as increased fuel costs since Iraq's invasion of Kuwait.

Air Canada stock was down 25 Canadian cents at 8.125 dollars a share on the Toronto Stock Exchange. The announcement was made after the close of trading.

(AP, Reuters)

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